

**Sample Exhibits
to support
Indirect Cost Proposals**

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Exhibit A
Sample - Personnel Cost Worksheet
July 1, 20XX to June 30, 20XX

Position	Annual Salary (A)	FICA (B)	State UI (C)	Worker's Compensation (D)	Health Insurance (E)	Retirement (F)	Total Benefits	Total Personnel Costs
	a						b	(a+b)
Executive Director	\$60,000	4,111	\$240	\$600	\$2,400	\$4,800	\$12,151	\$72,351
Administrative Assistant	22,000	1,683	240	220	2,400	1,760	\$6,303	28,303
Controller	45,000	3,443	240	450	2,400	3,600	\$10,133	55,133
Accountant	90,000	6,885	720	900	7,200	7,200	\$22,905	112,905
Program Planner (4)	120,000	9,180	960	1,200	9,600	9,600	\$30,540	150,540
Field Operations Director	35,000	2,678	240	350	2,400	2,800	\$8,468	43,468
Area Coordinator *	15,000	1,148	240	150	1,400	1,200	\$4,138	19,138
Program Specialist	25,000	1,913	480	250	4,800	2,000	\$9,443	34,443
Personnel Director	40,000	3,260	240	400	2,400	3,200	\$9,500	49,300
Personnel Clerk (3)	60,000	4,590	720	600	7,200	4,800	\$17,910	77,910
MIS Director	45,000	3,443	240	450	2,400	3,600	\$10,133	55,133
Head Start Director	45,000	3,443	240	450	2,400	3,600	\$10,133	55,133
Data Entry Clerk *	12,000	918	240	120	1,200	960	\$3,438	15,438
All Other Positions **	700,000	53,550	12,000	7000	120,000	56,000	\$248,550	948,550
TOTAL	\$1,314,000	\$100,245	\$17,040	\$13,140	\$168,200	\$105,120	\$403,745	\$1,717,745

(A) In this example, vacation, holiday, sick leave, and other paid absences were included in salaries and claimed in claimed on other grants, contracts, or agreements, as part of salary costs. Separate claims for these absences are not made. Refer to Exhibit C.

(B) FICA taxable wages were computed at 6.2% of \$55,500 per employee, and 1.45% based on \$130,200 per employee.

(C) State unemployment compensation taxable wages were computed on the 1st \$8,000 for 71 employees at 3% (71 x \$8,000 x 3% = \$17,040)

(D) Worker's compensation was estimated at 1% of salaries (1% x \$1,314,000 = \$13,040).

(E) Health insurance was computed at \$200 per month per employee.

(F) Retirement was computed at 8% of an employee's annual salary.
Example: Executive Director's annual salary: \$60,000 x 8% = \$4,800.

* This represents employees who will work less than a twelve month period due to a grant/contract not being reviewed.

** These positions have been consolidated for illustrative purposes only; all personnel positions that require charging time to more than one cost objective must be identified separately on this exhibit.

Note: Salaries and fringes included in this exhibit are for illustrative purposes only.

Exhibit A-1

Heading	Explanation
Position	Identify positions on the staff: includes all staff members, both professional and non-professional.
Annual Salary	Reflects the actual amount to be paid for that position during the year. In some cases, position stop and start with grants/contracts: and the organization's personnel may fill more than one position during a year, but not at any one time.
FICA	Should be computed in accordance with the rates and maximum appropriate earnings of Unemployment Compensation in effect for the period covered. This is the organization's share.
State Unemployment Compensation	Should be computed in accordance with the rates and maximum appropriate earnings of Unemployment Compensation in effect for the period covered. This is the organization's share.
Worker's Compensation	Costs should be obtainable either form the insurance policy or its insurance agent.
Health Insurance	Should be the actual cost to the employer for this coverage.
Retirement	Should be the actual cost paid by the employer for the Retirement Plan.

Exhibit B
Sample - Allocation of Personnel Worksheet
July 1, 20XX to June 30, 20XX

Position	Annual Salary	Indirect Costs	Direct Costs (a+b)	Federal Programs			Non-Federal Programs		
				a			b		
				U.S. Dept. of Labor	U.S. Dept. of HHS	U.S. Dept. of Education	State Service Delivery Agency	Fundraising	Private Foundation Commercial
Executive Director	\$60,000	\$54,000	\$6,000					\$6,000	
Administrative Assistant	\$22,000	22,000	\$0						
Controller	\$45,000	45,000	\$0						
Accountant	\$90,000	90,000	\$0						
Program Planner (4)	\$120,000	12,000	\$108,000	72,000	12,000	18,000	6,000		
	100%	10%	90%	60%	10%	15%	5%		
Field Operations Director	\$35,000	5,250	\$29,750	8,750	5,250	8,750	5,250		1,750
	100%	15%	85%	25%	15%	25%	15%		
Area Coordinator *	\$15,000		\$15,000				15,000		
Program Specialist	\$25,000		\$25,000	20,000	5,000				
	100%		100%	80%	20%				
Personnel Director	\$40,000	40,000	\$0						
Personnel Clerk (3)	\$60,000	60,000	\$0						
MIS Director	\$45,000	45,000	\$0						
Head Start Director	\$45,000		\$45,000	9,000	36,000				
	100%		100%	20%	80%				
Data Entry Clerk *	\$12,000		\$12,000	9,000		3,000			
All Other Positions **	\$700,000		\$700,000	280,000	105,000	175,000	105,000		35,000
TOTAL	\$1,314,000	\$373,250	\$940,750	\$398,750	\$163,250	\$204,750	\$131,250	\$6,000	\$36,750

* This represents an employee who will work less than a twelve month period.

** These positions have been consolidated for illustrative purposes only. All personnel positions that require time to be charged to more than one cost objective must be identified separately in this worksheet.

Note: The salaries included in this exhibit are for illustrative purposes only.

Exhibit B-1
Sample - Time Distribution Report

USA Company 1776 Democracy Boulevard Washington, D.C. 20099								Employee Name: _____						
	Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Overtime	Holiday	Sick Leave	Annual Leve	Leave Without Pay	Other	Total
1st Week														
Project # 1														0
Project # 2														0
Project # 3														0
Project # 4														0
Project # 5														0
Overhead														0
G&A														0
Subtotal	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2nd Week														
Project # 1														0
Project # 2														0
Project # 3														0
Project # 4														0
Project # 5														0
Overhead														0
G&A														0
Subtotal	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Employee Signature _____ Supervisor Signature _____														

Exhibit C
Sample - Statement of Employee Benefits
June 1, 20xx to June 30, 20xx

	<u>Method A</u>	<u>Method B</u>
Annual Leave Earned		\$50,384
Sick Leave Taken		\$25,269
Holidays		\$50,384
Subtotal - Release Time		\$126,037 a
FICA	\$100,245	\$100,245
State Unemployment Compensation	\$17,040	\$17,040
Worker's Compensation Insurance	\$13,140	\$13,140
Medical Insurance	\$168,200	\$168,200
Pension	<u>\$105,120</u>	<u>\$105,120</u>
SubTotal	\$403,745	\$403,745 b
Total Employee Fringe Benefits	\$403,745	\$529,782 (a+b)
Allocation Base:		
Total Salaries	\$1,314,000	\$1,314,000
Less: Release Time		<u>-\$126,037</u>
Chargeable Salaries		\$1,187,963
<u>Employee Fringe Benefit Rate</u>		
Fringe Benefits	\$403,745	\$529,782
Allocation Base	\$1,314,000	\$1,187,963
Fringe Rate	30.73%	44.60%

NOTE:

Method A - For estimating purposes on budgets, grantees/contractors include release time as personnel salary costs; i.e. total salary.

Method B - The fringe benefit pool includes time for vacation, holiday, and sick leave and is distributed through a fringe benefit rate.

The decision to use either method will depend on the grantee/contractor's accounting system and time distribution system.

Exhibit D

SAMPLE – Indirect Cost Proposal Simplified Allocation Method

The **Simplified Method** is used whenever the major functions of an organization benefit from its indirect costs to approximately the same degree. The allocation of indirect costs may be accomplished by:

- (1) classifying the total cost for the base period (usually the organization's fiscal year) as either direct or indirect and
- (2) dividing the total allowable indirect costs (net of applicable credits) by an equitable distribution base.

The result of this process is an indirect cost rate which is used to distribute indirect costs to individual Federal financial assistance programs and contracts. The rate should be expressed as the percentage which the total amount of allowable indirect costs bears to the base selected. This method may also be used where:

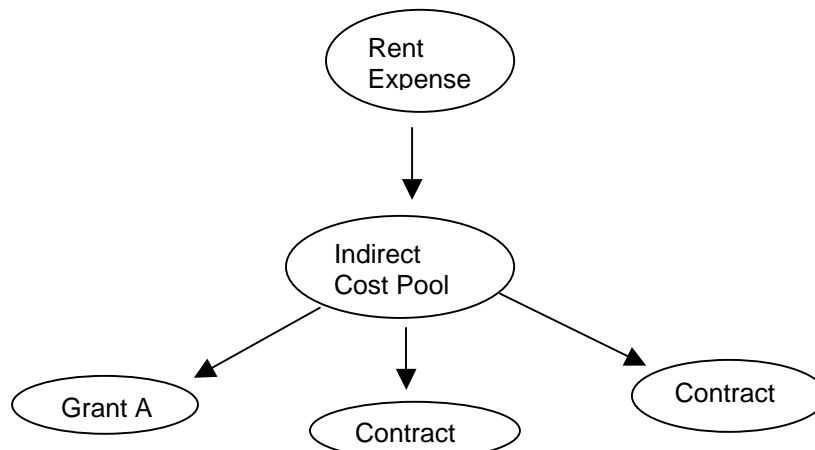
- (1) the organization has only one major function encompassing a number of individual projects or activities, and may be used
- (2) where the level of Federal awards to that organization is relatively small.

Both the direct costs and the indirect costs shall exclude capital expenditures and unallowable costs. However, unallowable costs must be included in the direct cost base (if they represent activities to which the indirect costs are properly allocable).

The distribution base may be:

- (1) total direct costs (excluding capital expenditures and other distorting items, such as flow-through funds, the portion of each subaward in excess of \$25,000, etc.),
- (2) direct salaries and wages,
- (3) total costs less G&A expenses (commercial contractors),
- (4) another base which results in an equitable distribution.

Under the Simplified Method, for example, rent expense would be entirely classified as indirect costs and distributed to benefiting activities on one of the bases described above. A pictorial of this example is shown below:



A sample format for the computation of an indirect cost rate under the **Simplified Method** follows.

EXHIBIT D
Sample - Statement of Total Costs - All Funds - and
Distribution of Indirect Costs to the Cost Centers using two Sample Methods of Allocation (3 STEPS)
Simplified Allocation Method

STEP 1 - Do Statement...					Federal Programs			Non-Federal
Budget Category	Total Costs	Less: Exclusions and Unallowables	Indirect Costs (3)	Total Direct Costs	Total Federal Programs	Dept. of Labor	Other Federal Programs	Total Non-Federal Programs
	A = B+C+D	B	C	D = E+F	E			F
Salaries	\$1,314,000		\$373,250	\$940,750	\$766,750	\$515,000	\$251,750	\$174,000
Fringe Benefits (30.73%)	\$403,746		114,686	289,060	235,596	158,242	77,354	53,464
Total Personnel Costs	\$1,717,746		487,936	1,229,810	1,002,346	673,242	329,104	227,464
Consultant Services	\$26,000		14,000	12,000	10,300	10,300		1,700
Staff Travel	\$94,000		20,000	74,000	67,300	43,600	23,700	6,700
Bad Debts	\$10,000	\$10,000 (1)						
Office Rent	\$170,000		170,000					
Consumable Supplies	\$161,000		11,000	150,000	22,500	15,000	7,500	127,500
Subcontracts	\$175,000	107,000 (2)		68,000	10,200	8,200	2000	57,800
Purchase, Lease of Equipment	\$82,000	22,100	59,900					
Telephone	\$109,400		55,000	54,400	8,200	6,200	2,000	46,200
Entertainment	\$1,800	1,800 (1)						
Printing and Reproduction	\$48,000		11,000	37,000	5,500	3,500	2,000	31,500
Insurance and Bonding	\$42,000		42,000					
Postage and Delivery	\$34,000		5,100	28,900	4,300	2,300	2,000	24,600
Depreciation	\$28,800		8,800	20,000	3,000	2,000	1,000	17,000
Allowances	\$148,000	148,000 (2)						
Emergency Assistance	\$54,000	54,000 (2)						
Training Materials	\$82,000			82,000	12,300	10,000	2,300	69,700
Participant Support Costs	\$36,000	36,000 (2)				0		
Total Non-Personnel Costs	\$1,302,000	\$378,900	\$396,800	\$526,300	\$143,600	\$101,100	\$42,500	\$382,700
TOTAL	\$3,019,746 (4)	\$378,900	\$884,736	\$1,756,110	\$1,145,946	\$774,342	\$371,604	\$610,164

STEP 2 - Rate Calculation...		STEP 3 - Distribution to the Cost Centers					
Indirect Cost Rate Calculation*		Distribution of Indirect Costs (ICs) - (5)					
Indirect Costs	\$884,736	<u>Method A</u>	Allocation Base	<u>a</u>		<u>b</u>	Total <u>a+b</u>
Method A - Total Direct Salaries & Benefits	1,229,810		Times Indirect Rate	1,002,346	673,242	329,104	1,229,810
Indirect Rate	71.94%		Equals Allocable Share of ICs	71.94%	71.94%	71.94%	
				\$721,096	\$484,336	\$236,760	\$884,736
Indirect Costs	\$884,736	<u>Method B</u>	Allocation Base	1,145,946	\$774,342	\$371,604	1,756,110
Method B - Total Direct Costs	\$1,756,110		Times Indirect Rate	50.38%	50.38%	50.38%	
Indirect Rate	50.38%		Equals Allocable Share of ICs	\$577,333	\$390,117	\$187,216	\$884,736
			Difference between A & B (A-B)	\$143,764	\$94,219	\$49,545 \$0	(\$143,764)

(1) AND (2) REFER TO EXHIBIT F-1 FOR EXPLANATIONS.

(3) This column must be splitted to show multiple rate structures (G&A, onsite, offsite), if applicable.

Note: The costs included in this exhibit are for illustrative purposes only.

(4) Must reconcile to the Financial Statements

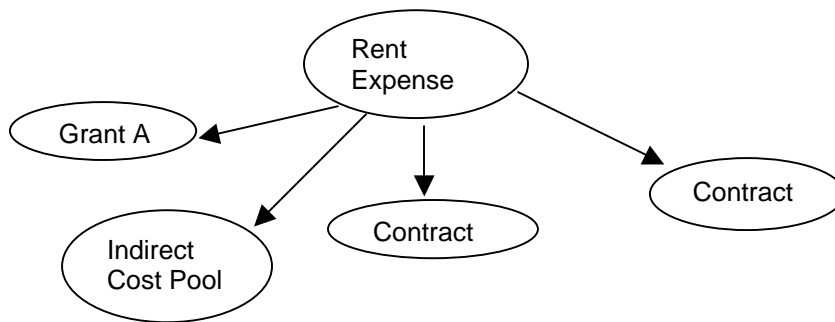
(5) Is the result of multiplying the indirect rate times the allocation base for each cost center. Any allocation method can be used, however, it must produce an equitable and rational distribution of indirect costs.

Exhibit E
SAMPLE – Indirect Cost Proposal
Direct Allocation Method

The **Direct Allocation Method** is used by organizations that treat all costs as direct costs except general administration and general expenses. These organizations generally separate their costs into three (3) basic categories:

- (1) general administration and general expenses,
- (2) fund raising, and
- (3) other direct functions (including projects performed under Federal awards).

Joint costs, such as depreciation, rental expense, operation and maintenance facilities, telephone expenses, and the like are prorated individually as direct costs to each category and to each award or other activity using a base most appropriate to the particular cost being prorated. A pictorial example of the proration of rental expense is shown below:



*** Note that the only rent expense allocated to the indirect pool is the indirect portion of re rent expense as a whole.**

Under this method, indirect costs consist exclusively of general administration and general expenses. In all other respects, the organization's indirect cost rates shall be computed in the same manner as that described in Exhibit D.

This method is acceptable provided each joint cost is prorated using a base which accurately measures the benefits provided to each award or other activity. A listing of suggested allocation bases is included in Exhibit F-2.

A sample format for the computation of an indirect cost rate under the **Direct Allocation Method** follows.

EXHIBIT E
Sample - Statement of Total Costs - All Funds - and
Distribution of Indirect Costs to the Cost Centers using two Sample Methods of Allocation (3 STEPS)
Direct Allocation Method

STEP 1 - Do Statement...					Federal Programs				Non-Federal Programs		
Budget Category	Total Costs	Less: Exclusions and Unallowables	Indirect Costs (3)	Total Direct Costs	Total Federal Programs	Dept. of Labor	Dept. of HHS	Dept. of Education	Total Non-Federal Programs	Private Foundation	Fund-raising
	A = B+C+D	B	C	D = E+F	E				F		
Salaries	\$1,314,000		\$373,250	\$940,750	\$766,750	\$398,750	\$163,250	\$204,750	\$174,000	\$168,000	\$6,000
Fringe Benefits (30.73%)	403,746		114,686	289,060	235,596	122,522	50,161	62,913	53,464	51,620	1,844
Total Personnel Costs	1,717,746		487,936	1,229,810	1,002,346	521,272	213,411	267,663	227,464	219,620	7,844
Consultant Services	26,000		14,000	12,000	10,300	7,000		3,300	1,700	1,700	
Staff Travel	94,000		20,000	74,000	67,300	28,100	12,600	26,600	6,700	6,700	
Bad Debts	10,000	10,000 (2)									
Office Rent	170,000		32,000	138,000	113,200	46,900	27,600	38,700	24,800	22,000	2,800
Consumable Supplies	161,000		11,000	150,000	132,000	36,000	43,500	52,500	18,000	18,000	
Subcontracts	175,000	107,000 (2)		68,000	50,000			50,000	18,000	18,000	
Purchase, Lease of Equipment	82,000	22,100	10,700	49,200	39,900	16,700	8,400	14,800	9,300	9,300	
Telephone	109,400		18,600	90,800	73,600	30,900	15,400	27,300	17,200	13,600	3,600
Entertainment	1,800	1,800 (2)		0					0	0	
Printing and Reproduction	45,800		11,000	34,800	32,100	11,800	4,800	15,500	2,700	1,900	800
Insurance and Bonding	41,800		8,400	33,400	29,200	9,100	8,700	11,400	4,200	4,200	
Postage and Delivery	35,500		5,100	30,400	24,500	12,100	4,900	7,500	5,900	2,400	3,500
Depreciation	29,700		8,800	20,900	20,000	10,000	10,000		900	900	
Allowances	148,000	148,000 (2)							0	0	
Emergency Assistance	54,000	54,000 (2)							0	0	
Training Materials	82,000			82,000	76,300	36,100		40,200	5,700	5,700	
Participant Support Costs	36,000	36,000 (2)							0	0	
Total Non-Personnel Costs	1,302,000	378,900	139,600	783,500	668,400	244,700	135,900	287,800	115,100	104,400	10,700
TOTAL	\$3,019,746 (4)	\$378,900	\$627,536	\$2,013,310	\$1,670,746	\$765,972	\$349,311	\$555,463	\$342,564	\$324,020	\$18,544

STEP 2 - Rate Calculation...		STEP 3 - Distribution to the Cost Centers												
Indirect Cost Rate Calculation		Distribution of Indirect Costs (ICs) - (5)												
Indirect Costs	\$627,536	<u>Method A</u>	Allocation Base	^a	1,002,346	521,272	213,411	267,663	^b	227,464	219,620	7,844	Total ^{a+b}	1,229,810
<u>Method A</u> - Total Direct Salaries & Benefits			Times Indirect Rate		51.03%	51.03%	51.03%	51.03%		51.03%	51.03%	51.03%		
Indirect Rate	51.03%		Equals Allocable Share of ICs		\$511,468	\$265,990	\$108,897	\$136,581		\$116,068	\$112,066	\$4,003		627,536
Indirect Costs	\$627,536	<u>Method B</u>	Allocation Base		1,670,746	\$765,972	\$349,311	\$555,463		342,564	\$324,020	\$18,544		2,013,310
<u>Method B</u> - Total Direct Costs			Times Indirect Rate		31.17%	31.17%	31.17%	31.17%		31.17%	31.17%	31.17%		
Indirect Rate	31.17%		Equals Allocable Share of ICs		\$520,761	\$238,749	\$108,878	\$173,134		\$106,775	\$100,995	\$5,780		627,536
			Difference between A & B (A-B)**		(\$9,293)	\$27,241	\$19	(\$36,554)		\$9,293	\$11,071	(\$1,777)		

(1) AND (2) REFER TO EXHIBIT F-1 FOR EXPLANATIONS.

(3) This column must be splitted to show multiple rate structures (G&A, onsite, offsite), if applicable.

Note: The costs included in this exhibit are for illustrative purposes only.

(4) Must reconcile to the Financial Statements.

(5) Is the result of multiplying the indirect rate times the allocation base for each cost center. Any allocation method can be used, however, it must produce an equitable and rational distribution of indirect costs. Contact DCD for more details.

Notes to Exhibit E

- (1) These adjustments eliminate capital expenditures and unallowable costs identified in OMB Circular A-122, Attachment B from the indirect cost pool. Capital expenditures include the cost of land and expenditures which materially increase the value or useful life of buildings and equipment.

Examples of unallowable costs include entertainment expense, lobbying, bad debts or allowances for doubtful accounts, fines and penalties, losses on Federal or non-Federal projects, provisions for contingencies, and charitable contributions. Also, the costs included in the indirect cost pool (as well as direct costs) shall be net of applicable credits (OMB Circular A-122, Attachment A, paragraph 5).

- (2) As shown in this example, the following items are excluded from the computation when using total direct costs as the base, because their inclusion distorts the assessment of indirect costs (OMB Circular A-122, Attachment A, paragraph D.2.c.).
 - a. The portion of subcontract costs in excess of \$25,000 each. As a general rule, the organization and OCD agree that only the first \$25,000 of each subcontract, subgrant and professional service agreement should be included in the distribution base. This recognizes that grantees/contractors expend a minimal amount of indirect costs on subcontracts.
 - b. Equipment and other capital expenditures, such as major renovations, alterations and improvements.
 - c. Participant support costs. This represents payments for stipends, travel allowances and registration fees paid to participants (but not employees) in connection with training projects.
 - d. Payments to participating agencies, e.g. OJT contractors, (flow-through- funds). If the organization is significantly involved in the administration or oversight of the participating agencies, a special rate might be necessary for that activity.

- (3) As stated in OMB Circular A-122, Attachment A, paragraph D.2.c., the distribution base may be direct salaries and wages, total direct cost, or another base which results in an equitable distribution to all activities that receive benefit from the indirect cost pool.

If the organization's unallowable activities include salaries, occupy space, and benefit from the organization's indirect cost, they should be included in the direct cost allocation base for the purpose of determining the indirect cost rate and be allocated their share of the organization's indirect costs. For example, lobbying, fund raising, and services provided to members are unallowable as indirect costs; however, since these activities benefit from those costs classified as allowable indirect costs, they must be included in the base used to calculate the indirect cost rate. (Refer to OMB Circular A-122, Attachment A, Paragraphs B.3. & B.4.).

From the example provided on Exhibit D, the data can be used to compute either an indirect cost rate based on direct salaries and wages including applicable fringe benefits, or an indirect cost rate based on total direct costs. (Refer to Exhibit E). Since most non-profit organizations receiving grants are labor intensive, using a distribution base of direct salaries and wages including applicable fringe benefits is most often recommended by OCD.

Exhibit E

Suggested Allocation Bases

The following are suggested allocation bases that might be used to direct charge joint costs to Federal awards and other activities of the organization. The allocation base selected by the non-profit organization or commercial organization must be:

- (1) reasonable and consistently applied,
- (2) supported by accurate and current data,
- (3) appropriate to the particular cost being distributed, and
- (4) must result in an accurate measure of the benefits provided to each activity of the organization.

<u>TYPE OF SERVICE</u>	<u>SUGGESTED BASIS FOR ALLOCATION</u>
Accounting	Number of transactions processed.
Auditing	Direct audit hours.
Budgeting	Direct hours of identifiable services of employees of central budget.
Building lease management	Number of leases.
Data processing	System usage.
Disbursing service	Number of checks or warrants issued.
Employees retirement system administration	Number of employees contributing.
Insurance management service	Dollar value of insurance premiums.
Legal services	Direct hours.
Mail and messenger	Number of documents handled or service employees served.
Motor pool costs including automotive management	Miles driven and/or days used.

Office machines and equipment maintenance repairs	Direct hours.
Office space use and related costs(heat, light, janitor service. etc.)	Sq. ft. of space occupied.
Organization and management services	Number of employees.
Payroll services	Number of employees.
Personnel administration	Number of employees.
Printing and reproduction	Direct hours, job basis, pages printed, etc.
Procurement service	Number of transactions processed.
Local telephone	Number of telephone instruments.
Health services	Number of employees.
Fidelity bonding program	Employees subject to bond or penalty amounts.

NOTE: Any method of allocation can be used which will produce an equitable and rational distribution of costs.